

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

Mail Classification Schedule  
Minor Modifications for  
Global Expedited Package Services (GEPS) Contracts

Docket No. MC2012-8

ORDER APPROVING MAIL CLASSIFICATION CHANGE

(Issued February 10, 2012)

On January 30, 2012, the Postal Service filed a notice pursuant to 39 CFR 3020.90 and 3020.91 concerning a minor classification change for the international competitive product Global Expedited Package Services (GEPS) Contracts.<sup>1</sup> The Commission accepts the classification change described in the Postal Service's Notice.

*Description of classification change.* The Postal Service proposes to revise language in the Mail Classification Schedule (MCS) to raise the minimum dollar amount required to qualify for a GEPS contract. *Id.* at 1. The proposed MCS language would be modified as follows: To qualify for a contract a mailer must be capable, on an

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<sup>1</sup> Notice of the United States Postal Service of Minor Classification Change, January 30, 2012 (Notice).

annualized basis, of paying at least \$200,000.00 in international postage to the Postal Service. *Id.* at 1, 3. Currently, a mailer must only be capable of shipping \$50,000.00 in international postage to qualify for a GEPS contract. *Id.* at 1. The proposed change would also eliminate the requirement that a mailer tender at least 2,500 pieces of international mail to the Postal Service. *Id.* at 3. The Postal Service states that its reason for the modification is to create consistency with published commercial plus pricing discounts for Express Mail International (EMI) and Priority Mail International (PMI). *Id.* at 1. The classification change would become effective on April 1, 2012. *Id.* at 2.

*Comments.* Comments were filed by the Public Representative.<sup>2</sup> No other interested person submitted comments. The Public Representative states that although the Postal Service has presented this modification as a minor classification change, it is not minor in terms of its effect on small- and medium-size businesses, as many of them will be excluded from access to EMI and PMI rates available only through GEPS contracts. *Id.* at 2. He maintains that this exclusion changes the cost or market characteristics of the GEPS product itself. *Id.*

The Public Representative recommends a two-pronged approach. First, he suggests that the Postal Service be required to file a statement discussing the impact of the proposed change on mailers who would no longer qualify for GEPS contracts, including small- and medium-size businesses, incorporating the attendant effects on the cost or market characteristics of the GEPS product. *Id.* at 3. Additionally, he recommends that the Commission consider amending its rules on what it considers a minor modification to the MCS. *Id.* The Public Representative contends that if the change proposed by the Postal Service affects the cost or market characteristics of the product, it should no longer be considered a minor change by the Commission and thus, he argues, should be required to comply with the more comprehensive requirements of 39 CFR 3020.30 *et seq.* *Id.*

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<sup>2</sup> Public Representative Comments on Postal Service Notice of Minor Classification Change for Global Expedited Package Services Contracts, February 8, 2012 (PR Comments).

*Commission analysis.* The Postal Service proposes to change the minimum eligibility requirements for GEPS contracts, a competitive product. Notices filed pursuant to 39 CFR 3020.90 *et seq.* must be relatively minor in nature and may not entail modifying either the market dominant or the competitive product list. A more comprehensive procedure, however, must be followed if the Postal Service wishes to add a product to either the market dominant or competitive product lists, remove a product from one of the lists, or transfer a product from one list to the other list. 39 CFR 3020.30. The Public Representative does not claim that this proposed change falls into any of the categories set forth by 39 CFR 3020.30. Rather, he states that the Commission should not consider the modification as a minor change because it will reduce the access of small- and medium-size businesses to the GEPS product and change the cost or market characteristics of the GEPS product.

While the Commission is mindful of the potential impact of the proposed change on smaller shippers, the proposal concerns a competitive product. Shippers not eligible for GEPS contracts possess the option of selecting commercial alternatives. The Commission's obligation under 39 CFR 3020.93 is to determine whether the proposed change is inconsistent with 39 U.S.C. 3642. The Public Representative does not allege, and the Commission does not find, that this modification is inconsistent with the requirements set forth in that statute.

Accordingly, the Commission accepts the change specified in the Postal Service's Notice and shall make conforming modifications to the draft MCS.

*It is ordered:*

1. The proposed change is in accordance with 39 CFR 3020.90 *et seq.* and is not inconsistent with 39 U.S.C. 3642.

2. Conforming modifications will be made to the draft Mail Classification Schedule.

By the Commission.

Shoshana M. Grove  
Secretary

CONCURRING OPINION OF VICE CHAIRMAN LANGLEY AND  
CHAIRMAN GOLDWAY

We agree that the Postal Service has satisfied the requirements of 39 CFR 3020.90 *et seq.* We also agree with the Public Representative that increasing the threshold for qualifying for a GEPS contract, from the ability to incur \$50,000 in postage charges to the ability to incur \$200,000 in postage charges represents a 400 percent increase. This change seems likely to make it more difficult for small- and medium-size businesses to obtain a GEPS—NPR contract. We strongly encourage the Postal Service to actively pursue other means by which to attract small- and medium-size businesses.

Nanci E. Langley

Ruth Y. Goldway